

Drinking Water

Using the Environmental Infrastructure Financing Program



**Water Supply
Administration**

**Municipal Finance
And Construction**

**New Jersey Department of
Environmental Protection**

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM

The New Jersey Environmental Infrastructure Financing Program (EIFP) is a partnership between the New Jersey Department of Environmental Protection (DEP) and the New Jersey Environmental Infrastructure Trust. The Legislature created the program to offer local governments and private water purveyors low-cost financing for construction of wastewater and drinking water infrastructure, landfill construction and closure, and stormwater and nonpoint source pollution management projects. Nonpoint source projects may include open space acquisition and remedial action such as a brownfields cleanup that produces a water quality improvement.

DRINKING WATER INFRASTRUCTURE

Drinking water in the United States is among the safest in the world. Yet, owners and operators of the nation's public water systems must make significant infrastructure improvements to ensure they continue to supply safe drinking water to their customers. In 1996, Congress passed amendments to the Safe Drinking Water Act which included new regulatory requirements and other provisions to improve public health protection.

These amendments also authorized and financed a Drinking Water State Revolving Fund to assist public water systems afford needed infrastructure

improvements. The EIFP, in partnership with the Water Supply Administration, uses this funding to provide low-interest loans to help communities in New Jersey improve and safeguard their drinking water systems.

For more information on the Drinking Water SRF, contact Josephine Craver, Water Supply Administration at (609) 292-5550.

FINANCING THROUGH THE EIFP

EIFP borrowers receive two loans, a zero percent interest loan from DEP and a market rate loan from the sale of the Trust's AAA-rated tax-exempt bonds. Some projects will receive 75 percent of the total loan from DEP and 25 percent from the Trust, making the loans financed at only one-quarter of the market rate. Qualifying for the 75/25 financing are:

- Projects serving a designated urban center or urban complex
- Combined sewer overflow projects
- Open space acquisition projects

All other projects will receive 50 percent of the total loan from DEP and 50 percent from the Trust, making these loans financed at one-half of the market rate.

WHAT IS ELIGIBLE FOR FUNDING?

Eligible water projects include those that ensure compliance with the Safe Drinking Water Act and protect public health, such as:

- Construction and upgrade of treatment facilities to ensure compliance the Safe Drinking Water Act's primary or secondary drinking water standards
- Construction and upgrade of water storage facilities or pumping stations
- Replacement, repair or installation of transmission/distribution mains to prevent contamination caused by leaks in the pipe or to improve water pressure
- Installation or replacement of water meters
- Redevelopment or construction of wells to meet the rules for required pumping capacity

WHAT ELSE CAN BE FUNDED?

- Remedial work
- Wastewater projects
- Landfill construction and closure
- Stormwater and nonpoint source pollution management projects, including street sweepers, skimmer boats, and netting on outfalls
- Open space acquisition and conservation
- Security such as fencing, lighting, motion detectors, and cameras

CONTACT US FOR INFORMATION

- **Bureau of Safe Drinking Water** – (609) 292-5550
- **Engineering Planning and Design** - (609) 984-68400
- **Environmental Planning, Design and Project Priority List** - (609) 292-3859
- **Financial Applications and Payments** - (609) 633-1208

ADVANTAGES OF BORROWING THROUGH THE EIFP

Lowest interest – Stormwater and nonpoint source pollution projects are eligible for loans at one-quarter or one-half of the market rate.

Reduced financing costs – Borrowers benefit from reduced costs due to the economies of scale of a pooled bond issue. Bond insurance is rarely needed, interest may be capitalized and principal payments deferred during construction, and the debt service reserve fund is capitalized by the state.

Match to other funding programs – The amount available to project sponsors for EIFP loans is unlimited and can be used to supplement grants and other loan programs.

HOW TO QUALIFY

October 1 of each year is the deadline for submitting a commitment letter and planning documents to qualify for a loan award in November of the following year.

Pre-award approval may be granted to allow applicants to proceed with a project before the loan award.

Short-term financing for approved work initiated before the loan award is also available through the EIFP.



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